GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1237
ANSWERED ON:24.07.2017
Trade Deficit
Sigriwal Shri Janardan Singh

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether there has been a continuous rise in the trade deficit during each of the last three years and the current year and if so, the details thereof, year wise and the reasons therefor;
(b) the details of the targets fixed and achieved for import and export along with the details of the countries with which India's trade deficit has widened during the said period;
(c) whether the Government has received representations from various trade organisations/export promotion councils to give impetus to exports and if so, the details thereof along with the steps taken by the Government to address their concerns;
(d) whether the Government has set up any Committee to suggest measures to boost exports and bridge the widening trade deficit and the rising current account deficit; and
(e) if so, the details thereof including the suggestions made by the Committee along with the steps taken/being taken by the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)
(a): The details of India's total trade deficit (merchandise and services) for the last three years and the current year are as follows:
(in US $ Billions)
Years Trade Deficit
2014-15 -61.17
2015-16 -49.30
2016-17 -42.56
2016-17 (Apr-May)* 0.57
2017-18 (Apr-May)* -16.04
Source: DGCI&S, Kolkata (* Provisional)
The data in the above table reveals that trade deficit has a decreasing trend during the last three years. It has increased for the period 2017-18 (Apr-May) as compared to the corresponding period of previous year.

(b): The value of merchandise export targets fixed and achieved is as follows:
Years Export values (US$ Billions) % Difference
Target fixed Achievement
2013-14 325 314 -3.38
2014-15 340 310 -8.82
Source: Annual Report of Department of Commerce
As per Foreign Trade Policy 2015-20, the Government aims to increase India's exports of merchandise and services from US$ 465.9 Billions to approximately US$ 900 Billions by 2019-20 and to raise India's share in world exports (Goods and Services) from 2% to 3.5%. The top 10 countries with which India's trade deficit has increased during last three years and current year is given in Annexure-I.
(c) to (e): Representations/suggestions for reform of trade strategy are received from trade organisations/export promotion councils from time to time, which are taken into consideration as part of the regular ongoing process of review and reform of trade policy. As part of this process Government has taken the following steps to increase the competitiveness of India's exports and bridge the trade deficit:
(i) The New Foreign Trade Policy (2015-20) was announced on 1st April, 2015 with a focus on supporting both manufacturing and services exports.
(ii) The Merchandise Exports from India Scheme (MEIS) has been introduced in the Foreign Trade Policy (FTP) 2015-20 on 01.04.2015 with the objective to offset infrastructural inefficiencies and associated costs involved in exporting goods/products which are produced/ manufactured in India and to provide a level playing field to Indian exporters, especially those having high export intensity and employment potential. The Scheme incentivizes exporters in terms of freely transferable Duty Credit Scrips which are transferable and can be used to pay certain Central duties/taxes including customs duties. The Scheme covers exports of 7914 tariff lines at 8 digit levels to all countries.
(iii) The Services Exports from India Scheme (SEIS) has been introduced in the Foreign Trade Policy (FTP) 2015-20 on 01.04.2015. The Scheme provides rewards at the rate of 3 to 5% on Net Foreign Exchange earnings, to service providers of notified services from India to rest of the world, in the form of Duty Credit Scrips which are transferable and can be used to pay certain Central duties/taxes including customs duties.
(iv) The Government has implemented the Niryat Bandhu Scheme with an objective to reach out to the new and potential exporters including exporters from Micro, Small & Medium Enterprises (MSMEs) and mentor them through orientation programmes, counseling sessions, individual facilitation etc., on various aspects of foreign trade for being able to get into international trade and boost exports from India.

(v) As part of the "Ease of Doing Business" initiatives, the Government has launched Single Window Interface for Facilitating Trade (SWIFT) clearances project w.e.f 1st April, 2016. The scheme enables the importers/exporters to file a common electronic 'Integrated Declaration' on the Indian Customs Electronic Commerce/Electronic Data Interchange (EC/EDI) Gateway i.e. ICEGATE portal. The Integrated Declaration compiles the information requirements of Customs, FSSAI, Plant Quarantine, Animal Quarantine, Drug Controller, Wild Life Control Bureau and Textile Committee. It replaces nine separate forms required by these 6 different agencies and Customs.
(vi) Interest Equalization Scheme on pre & post shipment credit was launched to provide cheaper credit to exporters.
(vii) A new scheme called Special Advance Authorisation Scheme for export of articles of Apparel and Clothing Accessories was introduced w.e.f. 1st September 2016 wherein exporters are entitled for an authorisation for fabrics including inter lining on pre-import basis and all industry rate of Duty Drawback for non-fabric inputs on the exports.
(viii) Further, the Government continues to provide the facility of access to duty free raw materials and capital goods for exports through schemes like Advance Authorization, Duty Free Import Authorization (DFIA), Export Promotion Capital Goods (EPCG) and drawback / refund of duties.
(ix) The Government launched a new scheme called Trade Infrastructure for Export Scheme (TIES) w.e.f. 15th March, 2017 with the objective to enhance export competitiveness by bridging gaps in export infrastructure, creating focused export infrastructure, first mile and last mile connectivity for export oriented projects and addressing quality and certification measures. The Central and State Agencies, including Export Promotion Councils, Commodities Boards, SEZ Authorities and Apex Trade Bodies recognised under the EXIM policy of Government of India are eligible for financial support under this scheme.
(x) The Government has approved the proposal for notification of commitments under the Trade Facilitation Agreement (TFA) of World Trade Organization (WTO), ratification and acceptance of the Instrument of Acceptance of Protocol of TFA to the WTO Secretariat and constitution of the National Committee on Trade Facilitation (NCTF). The Trade Facilitation Agreement (TFA) contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. These objectives are in consonance with India's "Ease of Doing Business" initiative.

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Annexure-I
Statement referred to in reply to part (b) of Lok Sabha Unstarred Question No. 1237 for answer on 24th July, 2017 regarding "trade deficit"

Trade Deficit of top 10 countries (Value in USD Million)

Countries	2014-16	2016-17	% Change
South Africa	-1194.52	-2258.77	89.09
Iran	-4779.92	-8113.38	69.74
Russia	-2152.21	-3620.26	68.21
Canada	-1553.40	-2122.33	36.63
Argentina	-1532.03	-1988.45	29.79
Botswana	-968.42	-1230.27	27.04
Japan	-4745.50	-5900.53	24.34
Ukraine	-1889.95	-2170.83	14.86
Australia	-7465.11	-8187.97	9.68
China PRP	-48454.65	-51089.01	5.44

Source: DGCI&S, Kolkata (* Provisional)